

1 EXPEDITE
2 Hearing is Set

Date:

Time:

Judge Richard A. Stroph **ATTORNEY GENERAL
OF WASHINGTON**

SEP 29 2004

GOVERNMENT COMPLIANCE
& ENFORCEMENT

STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT

MIKE KREIDLER,
INSURANCE COMMISSIONER,

Petitioner,

No. 03-2-00401-1

v.
WASHINGTON CASUALTY
COMPANY,

Respondent.

THIRD REPORT OF
RECEIVER

Mike Kreidler, Insurance Commissioner of the State of Washington and Statutory Receiver of Washington Casualty Company in Rehabilitation ("WCC"), James T. Odiorne, Deputy Insurance Commissioner and Court-appointed Receiver of WCC, and John B. Woodall, Special Deputy Insurance Commissioner and Court-appointed Deputy Receiver of WCC, by and through their attorneys, Christine O. Gregoire, Attorney General, and Christina Gerstung Beusch, Assistant Attorney General, hereby submit the Third Report of Receiver pursuant to RCW 48.31.040(5), and state as follows:

FILED

SEP 28 2004

SUPERIOR COURT
BETTY J. GOULD
THURSTON COUNTY CLERK

1 1. *Orders of Rehabilitation.* On March 6, 2003, this Court entered an order
2 of Rehabilitation and Appointment of Receiver placing WCC into rehabilitation
3 proceedings pursuant to Chapters 48.31 and 48.99 RCW, and appointing the Statutory
4 Receiver, Receiver, and Deputy Receiver. Pursuant to RCW 48.31.045, a 90-day stay
5 was imposed on all cases in which WCC, as the insurer, was obligated to provide a
6 defense. The stay was continued for another 90-day period by order entered on May
7 28, 2003.

9 2. *Accounting to the Court.* RCW 48.31.040(5) and the Order of
10 Rehabilitation require that the Receiver make accountings to the Court not less than
11 semiannually. The semi-annual reporting schedule requires a report to be filed in
12 September and March of each year that the receivership is in existence.

13 3. *Financial Report.* Attached hereto as Exhibit A is the June 30, 2004,
14 quarterly statement of WCC, which is filed with the Office of the Insurance
15 Commissioner. As of June 30, 2004, WCC had a capital and surplus deficit, as
16 calculated under Statutory Accounting Principles ("SAP")¹, in the amount of
17 \$8,640,368. The capital and surplus deficit was \$8,850,000 as of March 31, 2003,
18 which was the first financial statement issued after WCC was placed into receivership,

22

23 1 The Insurance Commissioner has adopted regulations promulgating SAP as the accounting
24 treatment to be used by insurance companies transacting business in Washington. RCW 48.05.073;
 WAC 284.07.050.

1 and was \$8,752,187 at December 31, 2003. The recent history of the financial
2 condition of WCC is as follows.

3 Instead of recognizing net income by reducing the estimated liability for future
4 losses, WCC has continued to add to its loss reserves in order to provide a cushion
5 against the possibility that claims may increase.
6

7 Liabilities decreased by \$1.8 million during the first six months of 2004. Cash
8 and invested assets decreased \$2.63 million during that same period as a result of
9 paying claims obligations and lowered investment returns. However, admitted assets
10 are sufficient, cash flow remains strong, and all obligations are being paid when due.
11

12 4. *Retention of Policyholders.* Since the implementation of the receivership
13 of Washington Casualty Company (WCC) on March 6, 2003, significant
14 accomplishments have been made to stabilize the core policyholder base of WCC. For
15 the initial period of March 6, 2003, through the end of the 2nd quarter of 2003, the
16 retention ratio was 56%. This was the period of greatest uncertainty, as the necessity
17 to place WCC into receivership created concern and predatory practices within the
18 Medical Professional Liability market in Washington. For the 3rd quarter of 2003,
19 renewal retention improved only slightly to 65%. With the initial periods of
20 uncertainty past, WCC was able to realize retention rates for the succeeding quarters of
21 91% for the last quarter of 2003, 88% for the 1st quarter of 2004, and has thereafter
22 enjoyed a retention ratio of 100%.
23

1 ////

2 The 2004 Business Plan also pointed to development of new accounts by
3 concentrating production efforts on accounts previously written by WCC and those
4 who were being affected by the withdrawal of Physicians Insurance from hospital
5 professional liability and Farmers from all medical professional liability business.
6 WCC was successful in attracting four new accounts as of July 2004. These included
7 two returning hospitals and two new Community Health Centers.

8
9 WCC will continue efforts to attract previously written accounts in Idaho and
10 Washington to consider placing their insurance coverage with the Company.

11 5. *Operating Expenses.* WCC has continued to monitor and reduce
12 operating expenses. For the six months ending June 30, 2004, operating expenses
13 were \$1,057,425, which is a decrease of \$1,512,416 from the same six-month period
14 of 2003. There are 14 employees at WCC, the same number as at the end of 2003 and
15 less than the 20 that were employed at the time of the receivership.

16
17 6. *Administration of Claims.* In March 2003, Washington Casualty
18 Company had 432 open claims. As of August 1, 2003, it had 367 open claims. As of
19 December 29, 2003, it had 343 open claims. As of March 11 2004, it had 309 open
20 claims. As of August 31, 2004, it had 248 open claims. Efforts to close the
21 Company's open claims, particularly those more than 24 months old are continuing.

22 ////

111

7. *Issues with Holding Company.* By Court Order Liquidating and Closing Northwest Healthcare Insurance Services (NHIS), dated May 29, 2004, the assets of NHIS, WCC's parent company, were incorporated into WCC.

8. *Continued Prospects for Rehabilitation.* During the past six months, the efforts to move the Company through rehabilitation have met with continued success. The 100% renewal retention for the subsequent days since January 2, 2004, and the addition of four new accounts, point to the belief in the marketplace that WCC is well on the road to recovery. The expense ratio has remained below budget, the claims count continues to drop, and necessary premium rate increases are being implemented. Both the consulting actuary and the Company's independent auditor's actuary have confirmed that the Company's reserves are at appropriate levels.

DATED this 27th day of September, 2004.

John Woodall
JOHN WOODALL,
Special Deputy Insurance Commissioner, and
Deputy Receiver for Washington Casualty Company

Presented by:
CHRISTINE O. GREGOIRE
Attorney General

By: Christina Beusch
CHRISTINA G. BEUSCH, WSBA# 18226
Assistant Attorney General

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION



QUARTERLY STATEMENT

As of June 30, 2004
of the Condition and Affairs of the

Washington Casualty Company In Rehabilitation

NAIC Group Code.....
(Current Period) (Prior Period)

NAIC Company Code..... 42510

Employer's ID Number.... 91-1483910

Organized under the Laws of Washington
Incorporated.... June 21, 1990

State of Domicile or Port of Entry Washington

Country of Domicile US

Commenced Business.... October 1, 1990

Statutory Home Office

6520 - 226th Place SE, Suite 200.... Issaquah WA 98027-8969
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office

6520 - 226th Place SE, Suite 200.... Issaquah WA 98027-8969
(Street and Number) (City or Town, State and Zip Code) 425-526-2250
(Area Code) (Telephone Number)

Mail Address

6520 - 226th Place SE, Suite 200.... Issaquah WA 98027-8969
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records

6520 - 226th Place SE, Suite 200.... Issaquah WA 98027-8969
(Street and Number) (City or Town, State and Zip Code) 425-526-2250
(Area Code) (Telephone Number)

Internet Website Address

wacausuly.com 425-526-2251
(Area Code) (Telephone Number) (Extension)

Statutory Statement Contact

Mickey R Salas
(Name) 425-526-2294
msalas@wacausuly.com
(E-Mail Address) (Fax Number)

Policyowner Relations Contact

6520 - 226th Place SE, Suite 200.... Issaquah WA 98027-8969
(Street and Number) (City or Town, State and Zip Code) 425-526-2250
(Area Code) (Telephone Number) (Extension)

OFFICERS

Name
1. John Barney Woodall
3. Marc Anthony Mirkicka

Title
President
Treasurer

Name
2. Mark Carroll Hannan III
4.

Title
Secretary

OTHER

DIRECTORS OR TRUSTEES

State of.... Washington
County of.... King

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, which is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<i>John B. Woodall</i> (Signature)	<i>Mark Carroll Hannan III</i> (Signature)	<i>Marc Anthony Mirkicka</i> (Signature)
John Barney Woodall 1. (Printed Name)	Mark Carroll Hannan III 2. (Printed Name)	Marc Anthony Mirkicka 3. (Printed Name)
President (Title)	Secretary (Title)	Treasurer (Title)

Subscribed and sworn to before me

This 10th day of August 2004

Yes [X] No []

Nancy J. Miller
Nancy J. Miller
My ABSENCE WILL BE FORGIVEN na19105

Is this an original filing? _____

State the amendment number _____

DATA FILED _____

NOTARY PUBLIC _____

EXPIRES _____

NUMBER OF PAGES ATTACHED _____

STATE OF WASHINGTON
SEPT. 19, 2005

A
EXHIBIT

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
ASSETS

	Current Statement Data			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (cols. 1 - 2)	
1. Bonds	18,947,154		18,947,154	18,125,367
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	2,814,375		2,814,375	2,508,685
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$____0 encumbrances)			0	
4.2 Properties held for the production of income (less \$____0 encumbrances)			0	
4.3 Properties held for sale (less \$____0 encumbrances)			0	
5. Cash (\$____43,546), cash equivalents (\$____0) and short-term investments (\$____1,459,730)	1,508,585		1,508,585	7,071,299
6. Contract loans (including \$____0 premium notes)			0	
7. Other invested assets			0	
8. Receivable for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotal cash and invested assets (Lines 1 to 9)	23,070,114	0	23,070,114	25,703,301
11. Investment income due and accrued	148,315		148,315	173,163
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection	53,157		53,157	95,799
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$____0 earned but unbilled premiums)	7,553,919		7,553,919	1,975,514
12.3 Accrued retrospective premiums			0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	2,193,156	197,548	1,995,610	1,125,301
13.2 Funds held by or deposited with reinsured companies			0	
13.3 Other amounts receivable under reinsurance contracts	78,386	78,386	0	181,665
14. Amounts receivable relating to uninsured plans			0	
15.1 Current federal and foreign income tax recoverable and interest thereon			0	
15.2 Net deferred tax asset			0	
16. Guaranty funds receivable or on deposit			0	
17. Electronic data processing equipment and software	419,550	49,839	360,711	
18. Furniture and equipment, including health care delivery assets (\$____0)	9,508	9,508	0	
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	
20. Receivable from parent, subsidiaries and affiliates			0	
21. Health care (\$____0) and other amounts receivable			0	
22. Other assets nonadmitted			0	
23. Aggregate write-ins for other than invested assets	55,276	55,276	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	29,581,381	390,555	28,190,826	29,255,733
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	29,581,381	390,555	28,190,826	29,255,733

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0908. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0909. Totals (Lines 0901 thru 0903 plus 0908) (Line 8 above)	0	0	0
2301. Funds held in trust			0
2302. Accounts Receivable	55,276	55,276	0
2303. Prepaid expenses			0
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308) (Line 23 above)	55,276	55,276	0

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$ 2,306,375)	26,408,774	26,922,439
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	7,261,409	8,868,199
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	151,350	238,357
6. Taxes, license and fees (excluding federal and foreign income taxes)	7,898	
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0)	7,915,986	1,827,052
10. Advance premium	22,808	5
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance	13,373	13,373
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	48,555	48,555
24. Total Liabilities excluding protected cell liabilities (Lines 1 through 23)	36,831,193	36,007,920
25. Protected cell liabilities		
26. Total Liabilities (Lines 24 and 25)	36,831,193	36,007,920
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	3,000,000	3,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		
32. Gross paid in and contributed surplus	12,388,250	11,621,719
33. Unassigned funds (surplus)	(24,008,557)	(23,373,906)
34. Less treasury stock, at cost:		
34.1 0.000 shares common (value included in Line 28 \$ 0)		
34.2 0.000 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	(8,640,368)	(8,752,187)
36. TOTALS	28,190,825	29,255,733

DETAILS OF WRITE-INS

2301. Retro reinsurance premium	48,555	48,555
2302. Other deposits		
2303.		
2304. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2308) (Line 23 above)	48,555	48,555
2701.		
2702.		
2703.		
2704. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2708) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3095. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
STATEMENT OF INCOME

	1 Current Year to Date	2 Previous Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$...4,268,169)	3,919,968	8,977,738	13,579,798
1.2 Assumed (written \$...0)	0	0	0
1.3 Ceded (written \$...103,208)	517,848	3,459,041	5,183,242
1.4 Net (written \$...4,162,951)	3,074,120	5,218,687	8,396,554
DEDUCTIONS:			
2. Losses incurred (current accident year \$...2,306,376):	4,554,749	8,292,972	503,600
2.1 Direct	0	0	0
2.2 Assumed	1,525,000	5,255,000	(8,122,784)
2.3 Ceded	3,059,749	3,037,972	8,716,364
2.4 Net	0	0	0
3. Loss expenses incurred	418,804	1,584,314	2,400,588
4. Other underwriting expenses incurred	1,057,425	2,569,341	4,008,955
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	4,545,978	7,192,127	15,123,907
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(1,471,960)	(1,973,430)	(5,727,353)
INVESTMENT INCOME			
9. Net investment income earned	204,386	233,837	449,399
10. Net realized capital gains (losses)	1,101	(713)	(732,910)
11. Net investment gain (loss) (Lines 9 + 10)	209,487	232,921	(333,511)
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$...0 amount charged off \$...0)	0	0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	34,305	0	20,684
15. Total other income (Lines 12 through 14)	34,305	0	20,684
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(1,228,168)	(1,740,509)	(7,040,200)
17. Dividends to policyholders	0	0	0
18. Net income after dividends to policyholders but before federal and foreign income taxes (Line 16 minus 17)	(1,228,168)	(1,740,509)	(7,040,200)
19. Federal and foreign income taxes incurred	0	0	0
20. Net income (Line 18 minus Line 19) (to Line 22)	(1,228,168)	(1,740,509)	(7,040,200)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	(7,752,158)	(1,996,393)	(3,399,394)
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	(1,228,168)	(1,740,509)	(7,040,200)
23. Change in net unrealized capital gains or losses	102,299	425,334	1,794,325
24. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
25. Change in net deferred income taxes	0	0	(429,805)
26. Change in nonadmitted assets	1,155,500	(2,215,387)	(1,423,593)
27. Change in provision for reinsurance	0	0	(11,581)
28. Change in surplus notes	0	0	0
29. Surplus (contributed to) withdrawn from protected cells	0	0	0
30. Cumulative effect of changes in accounting principles	0	0	0
31. Capital changes:			
31.1 Paid in	0	0	0
31.2 Transferred from surplus (Stock Dividend)	0	0	0
31.3 Transferred to surplus	0	0	0
32. Surplus adjustments:			
32.1 Paid in	746,570	1,454,245	2,355,060
32.2 Transferred to capital (Stock Dividend)	0	0	0
32.3 Transferred from capital	0	0	0
33. Net remittances from or (to) Home Office	0	0	0
34. Dividends to stockholders	0	0	0
35. Change in treasury stock	0	0	0
36. Aggregate write-ins for gains and losses in surplus	(564,511)	0	0
37. Change in surplus as regards policyholders (Lines 22 through 36)	111,529	(2,070,311)	(4,755,794)
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	(8,540,368)	(6,072,794)	(3,752,158)
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0504. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0509. Totals (Lines 0501 thru 0503 plus 0504) (Line 5 above)	0	0	0
1401. Lines 23 and 29 from 2000 Annual Statement	23,205	0	20,684
1402. Other income	11,150	0	0
1403. Risk Management Services	0	0	0
1404. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1409. Totals (Lines 1401 thru 1403 plus 1404) (Line 14 above)	24,355	0	20,684
3601. Lines 23 and 29 from 2000 Annual Statement	0	0	0
3602. Extraordinary loss from settlement of intercompany receivable	(564,511)	0	0
3603.	0	0	0
3604. Summary of remaining write-ins for Line 36 from overflow page	0	0	0
3609. Totals (Lines 3601 thru 3603 plus 3604) (Line 36 above)	(564,511)	0	0

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation
CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,754,281	11,310,511
2. Net investment income.....	345,265	251,509
3. Miscellaneous income.....	34,305	20,654
4. Total (Lines 1 through 3).....	4,133,831	11,582,654
5. Benefit and loss related payments.....	4,650,283	5,479,132
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	.....	.....
7. Commissions, expenses paid and aggregate write-ins for deductions.....	3,252,028	3,944,308
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) \$..... 0 net tax on capital gains (losses).....	.....	.....
10. Total (Lines 5 through 9).....	7,902,298	11,423,440
11. Net cash from operations (Line 4 minus Line 10).....	(3,768,468)	(2,840,756)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	1,627,851	8,146,822
12.2 Stocks.....	.....	1,773,404
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	.....	.....
12.5 Other invested assets.....	.....	198,985
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	.....	.....
12.7 Miscellaneous proceeds.....	.....	.....
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,627,851	10,119,211
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	4,559,437	10,422,528
13.2 Stocks.....	6,312	424,508
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	.....	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	4,565,749	10,847,036
14. Net increase (decrease) in policy loans and premium notes.....	.....	.....
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(2,937,898)	(727,325)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):	.....	.....
16.1 Surplus notes, capital notes.....	.....	.....
16.2 Capital and paid in surplus, less treasury stock.....	748,570	2,355,060
16.3 Borrowed funds received.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	.....	.....
16.5 Dividends to stockholders.....	.....	.....
16.6 Other cash provided (applied).....	397,108	(237,551)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	1,143,678	2,117,479
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	(5,582,685)	(1,451,102)
19. Cash and short-term investments:	.....	.....
19.1 Beginning of year.....	7,071,270	8,522,372
19.2 End of period (Line 18 plus Line 19.1).....	1,508,585	7,071,270

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20,000	0	0
20,000 Total	0	0

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Electronic Data Processing ("EDP") equipment and software is depreciated on a straight-line basis from its initial service date over its useful life, not to exceed three years. EDP equipment and software transferred as a result of settlement from the intercompany receivable (see note 10) is depreciated on a straight-line basis from its initial service date over its useful life, not to exceed five years according to special consent granted by the Commissioner, effective June 30, 2004. Non-operating software is depreciated on a straight-line basis from its initial service date over its useful life, not to exceed five years and is non-admitted.

Furniture, fixtures, and equipment is depreciated on a straight-line basis from its initial service date over its useful life, not to exceed seven years and is non-admitted.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

On May 29, 2004, the Superior Court of the State of Washington ordered the liquidation and closure of Northwest Healthcare Insurance Services (NHIS), the parent company of Washington Casualty Company (WCC). The liquidation and closure transferred all assets of NHIS to WCC. The liquidation transferred 100% of the capital stock of WCC to WCC (see note 13).

At the time of liquidation there was an intercompany receivable due from NHIS to WCC of \$1,120,301 that had previously been nonadmitted. The receivable was partially settled by transfer of assets from NHIS to WCC comprised of office equipment (\$2,932), computer equipment (\$445,810), telephone equipment (\$1,148), and office furniture (\$5,900) for a total of \$455,790. The assets were transferred at their net book value, which approximated their fair value. The remaining balance of \$664,611 was written off.

The result of this transaction on the June 30, 2004 statement is an increase in surplus of \$369,711. This increase is from the admission of electronic data processing equipment and software of \$419,550 less non-operating software of \$49,839. The Commissioner has given special consent, effective June 30, 2004, to admit electronic data processing equipment and software.

As of December 31, 2003, the intercompany receivable was \$1,276,708 and was nonadmitted. Had this transaction occurred as of December 31, 2003 and consent to admit electronic data processing equipment and software had been given, it would have resulted in an increase to surplus of \$545,878.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates Continued

WCC received special consent from the Commissioner, effective June 30, 2004, to report the write-off of \$684,511 on line 36 in the aggregate write-ins for gains and losses in surplus line of the Statement of Income. Without consent, the write-off would be required to be reported as part of continuing operations and would not be charged directly to surplus. Reporting the write-off on line 36 increases the transparency of the transaction and offsets the change in nonadmitted assets as a result of the write-off of the intercompany receivable.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Northwest Healthcare Insurance Services (NHIS) was the owner of 100% of the capital stock of Washington Casualty Company (WCC). On May 29, 2004, the Superior Court of the State of Washington ordered a liquidation and closure of NHIS, which transferred all the assets to WCC. RCW 48.13.270 provides that an insurer may not hold issued shares of its own capital stock, unless the insurer has received approval from the Commissioner to hold such stock. Special consent to hold the above-described issued capital stock of WCC was granted, effective June 30, 2004.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No significant change.

17C Wash Sales - Not applicable.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

NOTES TO FINANCIAL STATEMENTS

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - High Deductibles

No significant change.

Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change.

Note 33 - Asbestos/Environmental Reserves

No significant change.

Note 34 - Subscriber Savings Accounts

No significant change.

Note 35 - Multiple Peril Crop Insurance

No significant change.

Statement as of June 30, 2004 of the **Washington Casualty Company In Rehabilitation**
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]

1.2 If yes, explain: _____

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No []

2.2 If yes, has the report been filed with the domiciliary state? Yes [] No [X]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? If yes, complete the Schedule Y-Part 1 - Organizational chart. Yes [X] No []

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes [] No [] N/A [X]

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1996 _____

7.2 State as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996 _____

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/03/1998 _____

7.4 By what department or departments? _____

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]

8.2 If yes, give full information: _____

9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

9.2 If response to 9.1 is yes, please identify the name of the bank holding company. _____

9.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

9.4 If the response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain: _____

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto: _____

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: _____

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments:

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes No [X]

14.2 If yes, please complete the following:

1 Prior Year-End Statement Value	2 Current Quarter Statement Value
--	---

14.21 Bonds _____	_____
14.22 Preferred Stock _____	_____
14.23 Common Stock _____	_____
14.24 Short-Term Investments _____	_____
14.25 Mortgages, Loans or Real Estate _____	_____
14.26 All Other _____	_____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) \$ _____	\$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above _____	_____
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above _____	_____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DDT?

Yes No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes No []

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV-H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
BNY	Seattle, WA

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Charles E. Schwab	Seattle, WA	In order to comply with the NAIC, WCC opened an equity custodial account with BNY Western Trust Co. in 2001. Only one Schwab mutual fund remains in this account.

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity.

1 Central Registration Depository	2 Name(s)	3 Address

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation
GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year and unless otherwise noted)

PART 2
PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?
 If yes, attach an explanation.

Yes [] No [] NA [X]

2. Has the reporting entity reinsurance any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?
 If yes, attach an explanation.

Yes [] No [X]

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled?
 3.2 If yes, give full and complete information thereto:

Yes [] No [X]

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero?

Yes [] No [X]

4.2 If yes, complete the following schedule:

Line of Business	Maximum Interest	Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
Total.....	XXX	XXX	0	0	0	0	0	0	0	0

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation
SCHEDULE A - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.	0	
2. Increase (decrease) by adjustment.		
3. Cost of acquired.		
4. Cost of additions to and permanent improvements.		
5. Total profit (loss) on sales.		
6. Increase (decrease) by foreign exchange adjustment.		
7. Amount received on sales.		
8. Book/adjusted carrying value at end of current period.	0	0
9. Total valuation allowance.		
10. Subtotal (Lines 8 plus 9).	0	0
11. Total nonadmitted amounts.		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column).	0	0

NONE

SCHEDULE B - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions.		
2.2 Additional investment made after acquisitions.		
3. Accrual of discount and mortgage interest points and commitment fees.		
4. Increase (decrease) by adjustment.		
5. Total profit (loss) on sales.		
6. Amounts paid on account or in full during the period.		
7. Amortization of premium.		
8. Increase (decrease) by foreign exchange adjustment.		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.	0	0
10. Total valuation allowance.		
11. Subtotal (Lines 9 plus 10).	0	0
12. Total nonadmitted amounts.		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column).	0	0

NONE

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.	0	751,048
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions.		
2.2 Additional investment made after acquisitions.		
3. Accrual of discount.		
4. Increase (decrease) by adjustment.		(552,103)
5. Total profit (loss) on sales.		
6. Amounts paid on account or in full during the period.		198,985
7. Amortization of premium.		
8. Increase (decrease) by foreign exchange adjustment.		
9. Book/adjusted carrying value of long-term invested asset at end of current period.	0	0
10. Total valuation allowance.		
11. Subtotal (Lines 9 plus 10).	0	0
12. Total nonadmitted amounts.		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).	0	0

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.	18,832,032	18,832,032
2. Cost of bonds and stocks acquired.	4,565,748	10,647,035
3. Accrual of discount.	3,239	8,660
4. Increase (decrease) by adjustment.	112,399	930,137
5. Increase (decrease) by foreign exchange adjustment.		
6. Total profit (loss) on disposal.	1,233	81,315
7. Consideration for bonds and stocks disposed of.	1,827,551	9,920,224
8. Amortization of premium.	115,278	187,949
9. Book/adjusted carrying value, current period.	21,581,530	18,632,032
10. Total valuation allowance.		
11. Subtotal (Lines 9 plus 10).	21,581,530	18,632,032
12. Total nonadmitted amounts.		
13. Statement value.	21,581,530	18,632,032

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	6 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	22,743,635	1,909,150	4,257,054	(16,097)	22,743,635	20,406,844		22,634,918
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	22,743,635	1,909,150	4,257,034	(16,096)	22,743,635	20,406,864	0	22,634,918
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	22,743,635	1,909,150	4,257,034	(16,096)	22,743,635	20,406,864	0	22,634,918

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Total.....	1,459,739	1,459,739	1,459,739	88,735	88,735

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	8,508,552	8,851,825
2. Cost of short-term investments acquired.....	1,314,267	15,397,079
3. Increase (decrease) by adjustment.....	(43,913)	(53,295)
4. Increase (decrease) by foreign exchange adjustment.....		
5. Total profit (loss) on disposal of short-term investments.....		
6. Consideration received on disposal of short-term investments.....	6,923,156	15,687,056
7. Book/adjusted carrying value, current period.....	1,459,740	8,508,552
8. Total valuation allowance.....		
9. Subtotal (Lines 7 plus 8).....	1,459,740	8,508,552
10. Total nonadmitted amounts.....		
11. Statement value (Lines 9 minus 10).....	1,459,740	8,508,552
12. Income collected during period.....	87,159	40,921
13. Income earned during period.....	21,653	64,426

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. F
NONE

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

State, Etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premium Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama	AL	NO					
2. Alaska	AK	NO					
3. Arizona	AZ	NO					
4. Arkansas	AR	NO					
5. California	CA	NO					
6. Colorado	CO	NO					
7. Connecticut	CT	NO					
8. Delaware	DE	NO					
9. District of Columbia	DC	NO					
10. Florida	FL	NO					
11. Georgia	GA	NO					
12. Hawaii	HI	NO					
13. Idaho	ID	YES	41,265	44,134		1,245,048	2,025,822
14. Illinois	IL	NO					
15. Indiana	IN	NO					
16. Iowa	IA	NO					
17. Kansas	KS	NO					
18. Kentucky	KY	NO					
19. Louisiana	LA	NO					
20. Maine	ME	NO					
21. Maryland	MD	NO					
22. Massachusetts	MA	NO					
23. Michigan	MI	NO					
24. Minnesota	MN	NO					
25. Mississippi	MS	NO					
26. Missouri	MO	NO					
27. Montana	MT	YES				80,434	456,765
28. Nebraska	NE	NO					
29. Nevada	NV	YES					
30. New Hampshire	NH	NO					
31. New Jersey	NJ	NO					
32. New Mexico	NM	NO					
33. New York	NY	NO					
34. North Carolina	NC	NO					
35. North Dakota	ND	NO					
36. Ohio	OH	NO					
37. Oklahoma	OK	NO					
38. Oregon	OR	YES	89,617	183,392	2,025,407	522,225	366,973
39. Pennsylvania	PA	NO					
40. Rhode Island	RI	NO					
41. South Carolina	SC	NO					
42. South Dakota	SD	NO					
43. Tennessee	TN	NO					
44. Texas	TX	NO					
45. Utah	UT	NO					
46. Vermont	VT	NO					
47. Virginia	VA	NO					
48. Washington	WA	YES	4,135,467	9,710,408	5,332,006	11,112,318	42,217,518
49. West Virginia	WV	NO					
50. Wisconsin	WI	NO					
51. Wyoming	WY	NO					
52. American Samoa	AS	NO					
53. Guam	GU	NO					
54. Puerto Rico	PR	NO					
55. US Virgin Islands	VI	NO					
56. Canada	CN	NO					
57. Aggregate Other Alien	OT	XXXX	0	0	0	0	0
58. Total	(a)	5	4,200,159	9,918,434	7,357,413	13,000,091	44,658,847
							50,532,546

DETAILS OF WRITE-INS

5701.	XXXX						
5702.	XXXX						
5703.	XXXX						
5704. Summary of remaining write-ins: for Line 57 from overflow page	XXXX	0	0	0	0	0	0
5709. Total (Lines 5701 thru 5703 + Line 5704) (Line 57 above)	XXXX	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART I – ORGANIZATIONAL CHART

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation
PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....				0.0
2. Allied lines.....				0.0
3. Farmers multiple peril.....				0.0
4. Homeowners multiple peril.....				0.0
5. Commercial multiple peril.....				0.0
6. Mortgage guaranty.....				0.0
8. Ocean marine.....				0.0
9. Inland marine.....				0.0
10. Financial guaranty.....				0.0
11.1. Medical malpractice-occurrence.....	680,558	10,459,822	1,536.3	22.2
11.2. Medical malpractice-claims made.....	2,282,678	(4,193,878)	(183.7)	131.2
12. Earthquake.....				0.0
13. Group accident and health.....				0.0
14. Credit accident and health.....				0.0
15. Other accident and health.....				0.0
16. Workers' compensation.....				0.0
17.1. Other liability-occurrence.....				0.0
17.2. Other liability-claims made.....	628,732	(1,870,098)	(295.8)	19.3
18.1. Products liability-occurrence.....				0.0
18.2. Products liability-claims made.....				0.0
19.1, 19.2. Private passenger auto liability.....				0.0
19.3, 19.4. Commercial auto liability.....				0.0
21. Auto physical damage.....				0.0
22. Aircraft (all perils).....				0.0
23. Fidelity.....				0.0
24. Surety.....				0.0
25. Burglary and theft.....				0.0
27. Boiler and machinery.....				0.0
28. Credit.....				0.0
29. International.....				0.0
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0.0	0.0
34. Totals.....	3,591,968	4,594,740	127.9	95.6

DETAILS OF WRITE-INS

3301.....			0.0
3302.....			0.0
3303.....			0.0
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmers multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	37,157	708,198	581,488
11.2. Medical malpractice-claims made.....	1,760,083	2,840,008	7,578,229
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1. Other liability-occurrence.....			
17.2. Other liability-claims made.....	399,933	717,553	1,758,717
18.1. Products liability-occurrence.....			
18.2. Products liability-claims made.....			
19.1, 19.2. Private passenger auto liability.....			
19.3, 19.4. Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
25. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0
34. Totals.....	2,247,223	4,299,159	9,918,434

DETAILS OF WRITE-INS

3301.....			
3302.....			
3303.....			
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0

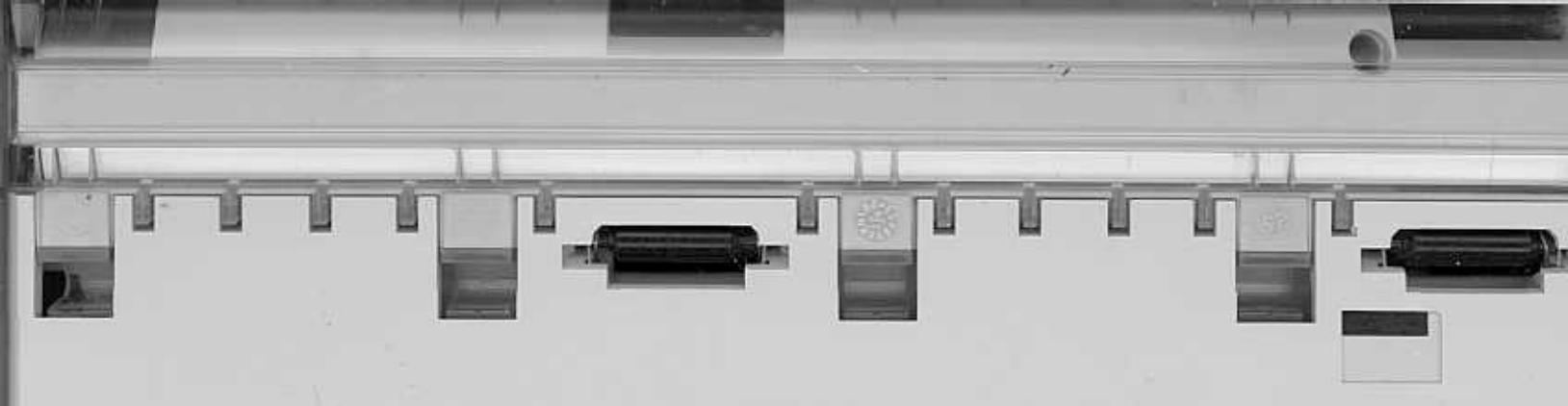
Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Total Prior Year-End Case and LAE Reserves (Col. 1 + 2)	2004 Loss and LAE Payments on Claims Reported as of Prior Year-End	2004 Loss and LAE Payments on Claims Unpaid as of Prior Year-End	Total 2004 Loss and LAE Payments (Cols. 4 + 5)	O.S. Data Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	O.S. Data Known Case Loss and LAE Reserves on Claims Reported and Subsequent to Prior Year-End	O.S. Data Known Case Loss and LAE Reserves (Cols. 7 + 8 + 9)	Total Q.S. Loss and LAE Reserves (Col. 10)	Prior Year-End Known Case Loss and LAE Reserves (Col. 11)	Prior Year-End Total Loss and LAE Reserves Developed (Savings)/Deficiency (Col. 12)	Prior Year-End Total Loss and LAE Reserves Developed (Savings)/Deficiency (Col. 13)
1. 2004 + Prior	\$7,911	\$10,010	\$7,480	\$1,454	\$9,844	\$1,454	\$5,680	\$4,655	\$11,113	\$14,210	\$2,566	(\$197) (\$123)
2. 2007	5,340	5,695	10,046	10,046	0	0	0	0	0	0	0	0
3. Subtotals 2002 + Prior	13,251	15,616	26,667	26,667	0	0	13,785	0	10,579	24,294	4,463	(\$537) (\$569)
4. 2003	3,148	3,865	7,013	7,013	0	0	1,737	0	0	2,034	2,405	1,426) 978
5. Subtotals 2003 + Prior	16,399	19,481	36,880	36,880	0	0	5,571	0	17,601	0	0	0
6. 2004	000	000	000	000	0	0	0	0	0	30,619	6,573	(6,463) 410
7. Totals	16,590	19,481	35,880	35,880	5,571	27	5,638	17,601	1,723	3,052	000	000
8. Prior Year-End's Settlement As Regards Policyholders									1,347	31,671	8,873	(\$483) 410
										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
										1. 41.9 % 2.	(33.2)% 3.	1.1%
										4. 41.7%		

- (a) Should equal prior year-end Actual Statement Page 3, Col. 1, Lines 1 + 3.
 (b) Should equal O.S. Page 3, Col. 1, Lines 1 and 3.
 (c) Should also equal Col. 8 + 10 less Col. 3 for Lines 1 through 5 only.



Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the specific report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the SVO Compliance Certification be filed with this statement? _____
2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement? _____
3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement? _____

YES

NO

YES

Explanation:

Bar Code:



* 4 2 5 1 0 2 0 0 4 4 9 0 0 0 0 0 2 *

**Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
Overflow Page for Write-Ins**

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation

1-108

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
Just Page

CORRECTIONS/TRANSLATIONS: The first 20 Corrections or Translations listed below are printed in the April issue for Medical

LAST NAME **First Name** **Middle Name** **S.S.N.** **New City #**

Jones, Jason S. 1234

Statement as of June 30, 2004 of the Washington Casualty Company in Rehabilitation

Joint Page

Joint Section L...A.1				
Joint Section L...A.2				
Joint Section L...A.3				
Joint Section L...A.4				
Joint Section L...A.5				
Joint Section L...A.6				
Joint Section L...A.7				
Joint Section L...A.8				
Joint Section L...A.9				
Joint Section L...A.10				
Joint Section L...A.11				
Joint Section L...A.12				
Joint Section L...A.13				
Joint Section L...A.14				
Joint Section L...A.15				
Joint Section L...A.16				
Joint Section L...A.17				
Joint Section L...A.18				
Joint Section L...A.19				
Joint Section L...A.20				
Joint Section L...A.21				
Joint Section L...A.22				
Joint Section L...A.23				
Joint Section L...A.24				
Joint Section L...A.25				
Joint Section L...A.26				
Joint Section L...A.27				
Joint Section L...A.28				
Joint Section L...A.29				
Joint Section L...A.30				
Joint Section L...A.31				
Joint Section L...A.32				
Joint Section L...A.33				
Joint Section L...A.34				
Joint Section L...A.35				
Joint Section L...A.36				
Joint Section L...A.37				
Joint Section L...A.38				
Joint Section L...A.39				
Joint Section L...A.40				
Joint Section L...A.41				
Joint Section L...A.42				
Joint Section L...A.43				
Joint Section L...A.44				
Joint Section L...A.45				
Joint Section L...A.46				
Joint Section L...A.47				
Joint Section L...A.48				
Joint Section L...A.49				
Joint Section L...A.50				
Joint Section L...A.51				
Joint Section L...A.52				
Joint Section L...A.53				
Joint Section L...A.54				
Joint Section L...A.55				
Joint Section L...A.56				
Joint Section L...A.57				
Joint Section L...A.58				
Joint Section L...A.59				
Joint Section L...A.60				
Joint Section L...A.61				
Joint Section L...A.62				
Joint Section L...A.63				
Joint Section L...A.64				
Joint Section L...A.65				
Joint Section L...A.66				
Joint Section L...A.67				
Joint Section L...A.68				
Joint Section L...A.69				
Joint Section L...A.70				
Joint Section L...A.71				
Joint Section L...A.72				
Joint Section L...A.73				
Joint Section L...A.74				
Joint Section L...A.75				
Joint Section L...A.76				

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation
Joint Page

Jerry Becker L...A.77
Jerry Becker L...A.78
Jerry Becker L...A.79
Jerry Becker L...A.80
Jerry Becker L...A.81
Jerry Becker L...A.82
Jerry Becker L...A.83
Jerry Becker L...A.84
Jerry Becker L...A.85
Jerry Becker L...A.86
Jerry Becker L...A.87
Jerry Becker L...A.88
Jerry Becker L...A.89
Jerry Becker L...A.90
Jerry Becker L...A.91
Jerry Becker L...A.92
Jerry Becker L...A.93
Jerry Becker L...A.94
Jerry Becker L...A.95
Jerry Becker L...A.96
Jerry Becker L...A.97
Jerry Becker L...A.98
Jerry Becker L...A.99

Vendor Name: Woolsey Brothers **Vendor Address:** PO Box 4400 **Vendor City:** NYC **Schedule D Vendor Pay:** Box D Pay Cards & Discrepancy

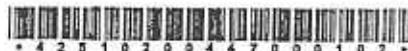
Size of disk required for electronic filing, only for printed paper

County of Erie required to seek new filing, only
Amended Document

Statement as of June 30, 2004 of the Washington Casualty Company In Rehabilitation

Notes
NONE

Sch. Y-Part 1
NONE



* 4 2 5 1 0 2 0 0 4 4 7 0 0 0 1 0 2 *

Washington Casualty Company In Rehabilitation SVO COMPLIANCE CERTIFICATION

The undersigned is an officer of the insurer responsible for reporting investments to the SVO and/or with performing all filings with appropriate state regulatory officials and the NAIC and is therefore required to be familiar with the requirements of such filings. The undersigned officer certifies that, to the best of his or her knowledge, information, and belief, all prices or NAIC designations for the securities reported in this statement have been obtained directly from the SVO except as specifically identified below. The officer further certifies that, to the best of his or her knowledge, information, and belief, since the last filing of a quarterly or annual statement:

1. All securities previously valued by the insurer and identified by a Z suffix have now been submitted to the SVO for a valuation or disposed of by sale or otherwise with the result that all prices and NAIC Designations reported in this statement have been provided by the SVO, except for provisionally exempt and new purchases identified in Schedule D and DA with a Z suffix or items submitted but not yet processed by the SVO.
2. Any newly purchased securities now identified with a Z suffix, shall be submitted to the SVO within 120 days of purchase.
3. All necessary information on securities which have been previously designated NR (not rated due to lack of current information) by the SVO have either been submitted to the SVO by the insurer for a valuation or disposed of by the Insurer.
4. All material Issuer events have been reported to the SVO.

A material Issuer event is a generic or transaction specific credit event of which the insurer is currently aware, that by its nature would signify to a reasonably prudent insurer that a material change in the credit quality or price of the investment or security has occurred. As an illustration, and not by way of limitation, the following shall be deemed to constitute material issuer events:

- a. Recapitalizations or capital restructuring whether within or without Chapter 11 of the US Bankruptcy Code;
- b. Nonpayment, deferral, or payment in kind through waiver of any principal or contractual interest payment;
- c. Any change in the maturity of a security;
- d. Changes in the lender's collateral position, including releases of collateral, or the taking of a collateral position whether by operation of negative pledge covenant or otherwise;
- e. Events of a like character or of a like effect, which would be considered material to an investment professional.
- f. Exceptions

Marc Anthony Mrkvicka

Name of Investment Officer

Signature of Investment Officer

Treasurer

Title of Signatory

Date

Supplement for June 30, 2004 of the Washington Casualty Company In Rehabilitation

* 4 2 5 1 6 2 0 6 4 4 5 0 0 1 0 2 *

SUPPLEMENT "A" TO SCHEDULE T

Designate the type of health care

provider reported on this page.

EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN

Physicians - Including Surgeons and Dentists

ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	3 Direct Losses Paid		5 Direct Losses Incurred	6 Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported	
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims		
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID				224,257	100,250	2	168,533	
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR				(234,308)				
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA	(3,001)	(3,001)	3,710,685	14	5,177,587	10,089,750	50	15,982,115
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. US Virgin Islands	VI								
56. Canada	CN								
57. Aggregate Other Alien	OT	0	0	0	0	0	0	0	0
58. Total		(3,001)	(3,001)	3,710,685	14	5,167,046	10,080,000	52	17,130,548

DETAILS OF WRITE-INS

5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Total [Lines 5701 thru 5703 + 5798] (Line 57 above)	0	0	0	0	0	0	0	0

Supplement for June 30, 2004 of the Washington Casualty Company in Rehabilitation

**SUPPLEMENT "A" TO SCHEDULE T****EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN****ALLOCATED BY STATES AND TERRITORIES**

Designate the type of health care

providers reported on this page.

Hospitals

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	3 Direct Losses Paid		5 Number of Claims	6 Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID	36,473	18,137			(181,864)	555,374	7 1,101,755
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI							
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT					(42,032)	20,000	1 33,522
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma	OK							
38. Oregon	OR		2,000,000	1		(7,653,854)		
39. Pennsylvania	PA							
40. Rhode Island	RI							
41. South Carolina	SC							
42. South Dakota	SD							
43. Tennessee	TN							
44. Texas	TX							
45. Utah	UT							
46. Vermont	VT							
47. Virginia	VA							
48. Washington	WA	1,956,168	1,683,942	927,217	21	3,462,439	3,826,455	81 6,094,837
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. US Virgin Islands	VI							
56. Canada	CN							
57. Aggregate Other Alien	OT	0	0	0	0	0	0	0
58. Total		1,992,641	1,702,079	2,927,217	22	504,679	4,300,829	89 7,230,234

DETAILS OF WRITE-INS

5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + 5798) (Line 57 above)	0	0	0	0	0	0	0	0



* 4 2 5 1 0 2 0 0 4 4 5 0 0 0 0 0 2 *

SUPPLEMENT "A" TO SCHEDULE T

EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN

ALLOCATED BY STATES AND TERRITORIES

Designate the type of health care
provider reported on this page.

Other Health Care Professionals, Including Dentists

State, F.C.	1 Direct Premiums Written	2 Direct Premiums Earned	3 Direct Losses Paid		5 Direct Losses Incurred	6 Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			Amount	Number of Claims		Amount Reported	Number of Claims	
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI								
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA								
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. US Virgin Islands.....VI								
56. Canada.....CN								
57. Aggregate Other Alien.....OT	0	0	0	0	0	0	0	0
58. Total.....	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

5701.....								
5702.....								
5703.....								
5798. Summary of remaining write-ins for Line 57 from overflow page.....	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + 5798) (Line 57 above).....	0	0	0	0	0	0	0	0

Supplement for June 30, 2004 of the Washington Casualty Company In Rehabilitation



Designate the type of health care

provider reported on this page.

SUPPLEMENT "A" TO SCHEDULE T

EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN

ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	3 Direct Losses Paid		5 Direct Losses Incurred	6 Direct Losses Unpaid		8 Direct Losses Incurred But Not Recorded	
			3 Amount	4 Number of Claims		5 Amount Reported	7 Number of Claims		
1. Alabama	JL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR	80,555	81,309	25,407	2	(361,523)	136,500	8	229,473
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA	1,477,911	1,172,548	486,924	8	855,541	1,536,250	77	2,750,738
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. US Virgin Islands	VI								
56. Canada	CN								
57. Aggregate Other Alien	OT	0	0	0	0	0	0	0	0
Total		1,558,566	1,254,157	512,031	19	494,018	1,772,750	35	2,580,211

DETAILS OF INVESTIGATIONS

Supplement A to Sch. T
NONE

Overflow Page
NONE

Property and Casualty Supplement for the Quarter Ending June 30, 2004 of the U. S. Branch of the Washington Casualty Company



Trusted Surplus Statement

AFFIDAVIT OF U.S. MANAGERS, GENERAL AGENTS OR ATTORNEYS

being duly sworn, say that he/she is the _____ of the _____ corporation organized under the laws of _____, entered to transact business in the United States through the State of _____, that this trusted surplus statement together with its related schedules appended hereto is a true statement of the trusted surplus of said corporation, that the several items of assets, as hereinafter enumerated, are the absolute property of said corporation, free and clear from any liens or claims thereon, except as hereinabove stated, and that each and all of the hereinabove mentioned assets are held in the United States by Insurance Departments and Officers of the various States of the United States and Trustees as hereinabove indicated, and that the assets, liabilities and deductions therefrom reported in this statement are in accordance with the instructions accompanying this statement.

Subscribed and sworn to before me this _____ day of _____ A.D., 2004

AFFIDAVIT OF TRUSTEE – SCHEDULE B

_____, being sworn, say that it is the Trustee of the _____, a corporation organized under the laws of _____, entered to transact business in the United States through the State of _____, located at _____, that the assets listed in Schedule B of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other claims than those of policyholders and creditors within the United States.

Subscribed and sworn to before me this _____ day of _____ A.D., 2004

AFFIDAVIT OF TRUSTEE – SCHEDULE C

_____, being sworn, say that it is the Trustee of the _____, a corporation organized under the laws of _____, entered to transact business in the United States through the State of _____, located at _____, that the assets listed in Schedule C of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other claims than those of policyholders and creditors within the United States.

Subscribed and sworn to before me this _____ day of _____ A.D., 2004

AFFIDAVIT OF TRUSTEE – SCHEDULE D

_____, being sworn, say that it is the Trustee of the _____, a corporation organized under the laws of _____, entered to transact business in the United States through the State of _____, located at _____, that the assets listed in Schedule D of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other claims than those of policyholders and creditors within the United States.

Subscribed and sworn to before me this _____ day of _____ A.D., 2004

Trusteed Surplus Statement-Assets
NONE

Trusteed Surplus Statement-Liabilities
NONE

Trusteed Surplus Statement-Overflow Page
NONE